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FISCAL IMPACT STATEMENT

LS 7224

BILL NUMBER: SB 551

NOTE PREPARED: Mar 30, 2007

BILL AMENDED: Mar 29, 2007

SUBJECT: Indiana Health Informatics Corporation.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR: Rep. Austin

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: ___**GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill establishes the Indiana Health Informatics Corporation (IHIC). It provides that the IHIC is a body politic and corporate. The bill requires the IHIC to encourage and facilitate the development of health informatics functions in Indiana.

The bill provides that the IHIC is governed by a Board consisting of the following nine members: (1) the Secretary of Family and Social Services, or the Secretary's designee; (2) the State Health Commissioner, or the State Health Commissioner's designee; and (3) seven individuals appointed by the Governor; one of which must be a physician; and one of which must be a hospital administrator. The bill authorizes the IHIC Board to appoint any advisory panels that the Board considers useful in advising the Board and the Corporation on issues determined by the Board.

The bill requires the IHIC to do the following: (1) encourage and facilitate the development of a statewide health information exchange system; (2) encourage and facilitate users of the statewide health information exchange system and other interested parties in developing and adopting standards; (3) develop programs and initiatives to promote and advance the exchange of health information; (4) recommend policies and legislation that advance the development and efficient operation of the statewide health information exchange system; and (5) report on Indiana's progress toward implementing the statewide health information exchange system. The bill requires the IHIC's plan to create the statewide health information exchange system to provide for procedures and security policies to ensure compliance with the federal Health Insurance Portability and Accountability Act (HIPAA), protection of information privacy, and the use of information in the system only in accordance with HIPAA and as required by public health agencies.

The bill also requires the State Board of Accounts to examine the IHIC and its funds, accounts, and financial

affairs. It specifies that the IHIC is subject to the open door law and the public records law. It also provides that the IHIC must comply with current statutory provision when adopting rules. The bill provides the IHIC Board may adopt emergency rules. The bill also provides that the IHIC shall determine qualifications, duties, compensation, and terms of service for persons employed by the IHIC. It prohibits the IHIC from issuing bonds or other debt obligations. It also authorizes the IHIC to make grants, loans, and loan guarantees. The bill further authorizes the IHIC to establish a nonprofit subsidiary to solicit and accept nonprofit entity funding.

The bill provides that the IHIC is abolished on June 30, 2015.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) This bill establishes the IHIC as a body politic and corporate. The IHIC is not a state agency. (Health Informatics is defined as the electronic exchange of health care information between entities in the health care system.) The IHIC is to be governed by a 9-member board to consist of the Secretary of the Office of the Family and Social Services Administration (FSSA), the Commissioner of the Indiana State Department of Health (ISDH), and seven members to be appointed by the Governor; one of which must be a physician and one of which must be a hospital administrator. The appointees are required to be employed or retired from the private sector or academia and may not be members of the General Assembly. The Governor is to select the Chairperson of the Board. The bill specifies the terms of the members of the Board and provides that the Board shall appoint the president of the IHIC and that the president serves at the pleasure of the Board. The bill specifies that the Board may create advisory panels useful to advise the Board on issues to be determined by the Board.

The bill specifies that members of the Board are entitled to receive a salary per diem equal to the per diem paid for members of the General Assembly for attendance at meetings of the Board. Members are also to receive reimbursement for travel expenses to the same extent as allowed for state employees. Other expenses incurred in connection with a member's duties are reimbursable as approved by the Budget Agency. Meetings are to be held at least once every three months at the call of the chairperson.

The bill specifies that the State Board of Accounts is to biennially audit the corporation. The bill also specifies that the State Board of Accounts is to annually audit any subsidiary corporation that may be formed. The expense of the audit would be paid by the IHIC or the subsidiary corporation. The bill also specifies that the IHIC is subject to open door law. The IHIC may not issue bonds or other debt obligations.

The bill provides that the IHIC is granted all powers necessary or appropriate to carry out the IHIC's purpose. Subject to the approval of the Budget Agency, the IHIC may employ legal counsel without the approval of the Attorney General, technical experts, and other officers, agents, and employees necessary to carry out the operation. The bill specifies that employees of the IHIC are not state employees and that the IHIC is to determine the qualifications, compensation, and terms of service for its employees. The IHIC may adopt a resolution providing that employees eligible to participate in the Public Employees Retirement Fund (PERF) shall participate. The Board may also resolve to allow employees to participate in other state employee benefit plans such as group insurance and deferred compensation. The bill specifies that the Board and the IHIC employees are subject to rules of the State Ethics Commission and subject to ethics rules that apply to the executive branch of state government. The IHIC may make grants, loans, or loan guarantees to carry out the purposes of bill

The bill establishes the Indiana Health Informatics Fund as a nonreverting dedicated fund to be administered

by the IHIC. Money in the Fund may consist of state appropriations, funding from nonprofit entities for selected initiatives, and other contributions. The bill also allows the IHIC to accept federal and private grants. The Treasurer of State is to invest any available money in the Fund in the same manner as public money may be invested. Interest that accrues from any investments is to be deposited in the Fund.

The bill allows the IHIC to establish a not-for-profit subsidiary corporation to solicit and accept nonprofit entities' contributions. A subsidiary corporation must use any money solicited or accepted to carry out the purposes of the bill and must report to the Budget Committee each year regarding the use of any funds received and the balances of any accounts or funds established by the subsidiary corporation. The subsidiary corporation may deposit funds it receives outside of the State Treasury.

The bill provides that the duties of the IHIC include: to define the vision for a statewide electronic health information exchange system; to prepare and modify a plan to create a statewide electronic health information exchange system; to encourage and facilitate the development and ongoing operations of such a system; to respond to changes in the market relating to technology and metrics; to evaluate, analyze, and report on progress made towards implementation; and to develop programs and initiatives that use the exchange of information to improve quality and efficiency of patient care. The bill specifies that planning and implementation activities must provide for procedures and security policies to protect information privacy as required by federal laws.

The bill would allow the IHIC to direct and conduct research activities and encourage and facilitate planning and implementation on a regional basis. The IHIC may further direct that assistance, information, and advice be given to the IHIC by the executive branch of state government. The bill further specifies that the head of any state department or agency may assign a state employee to the IHIC on a temporary basis or may direct a state department or agency to make a special study or survey requested by the IHIC.

The bill provides that the IHIC is abolished on June 30, 2015, and that any assets or obligations are transferred to FSSA on that date.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, Indiana State Department of Health, State Board of Accounts.

Local Agencies Affected:

Information Sources:

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